

JPRS 78651

31 July 1981

China Report

ECONOMIC AFFAIRS

No. 156



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

31 July 1981

CHINA REPORT

ECONOMIC AFFAIRS

No. 156

CONTENTS

ECONOMIC PLANNING

Work of Fujian Provincial People's Congress Reported (Ma Xingyuan; FUJIAN RIBAO, 10 Apr 81)	1
--	---

FINANCE AND BANKING

Purchases of Treasury Bonds Above Quota (XINHUA, 13 Jul 81)	25
Bank of China Expands Gold Lending Operations (Li Yanyan; ZHONGGUO CAIMAO BAO, 19 May 81)	26
Foreign Bank Loan Procedures Outlined (Ding Chaozong; ZHONGGUO CAIMAO BAO, 19 May 81)	27
Pros, Cons of Various Methods of Getting Capital From Japan (Meng Qingfu; ZHONGGUO CAIMAO BAO, 19 May 81)	29
Briefs Zhejiang Overseas Chinese Remittances	31

INDUSTRY

Light Industry Meeting Ends in Shanghai (Shanghai City Service, 11 Jul 81)	32
Light Industry Ministry Holds Development Forum (Beijing Domestic Service, 10 Jul 81)	33
Briefs National Machine Building Meeting	34

DOMESTIC TRADE

Briefs

Anhui Consumer Goods

35

FOREIGN TRADE

Important Role for Foreign Trade in Economic Readjustment

(GUOJI MAOYI WENTI, No 2, 1981)

36

Briefs

Fujian Production Trade

39

Jiangxi Foreign Trade

39

TRANSPORTATION

PRC Seaports, Railways Handle More Freight

(XINHUA, 3 Jul 81)

40

Briefs

Jiangsu Dry Dock

41

Beijing Northwest Railway Circuit

41

ECONOMIC PLANNING

WORK OF FUJIAN PROVINCIAL PEOPLE'S CONGRESS REPORTED

Fuzhou FUJIAN RIBAO in Chinese 10 Apr 81 pp 1, 2, 4

[Report on the Work of the Fujian Provincial People's Government by Ma Xingyuan [7456 5281 0337] at the Third Session of the Fifth Provincial People's Congress, 30 March 1981]

[Text] Fellow Deputies:

Entrusted by the Provincial People's Government, I am now to report on the work of the government in the past year and to express my views on several problems which are now of the utmost concern to the broad masses. This report is for your deliberation and examination.

For more than 1 year following the Second Session of the Fifth Provincial People's Congress, we have acted according to the spirit of the Third Plenum of the 11th Party Central Committee and the Second Session of the Fifth National People's Congress, and have shifted the focus of work in the province to socialist modernization. The various policies of the new period have been further implemented, and a lively political situation of stability and unity has continued to prevail. The democratic system in various forms has been established and improved, and direct election at the county and commune levels throughout the province has been concluded. The socialist activism of the people as masters of their own destiny has been further aroused. The ideology, organization, and workstyle of judicial and public security organs at various levels have been strengthened as agencies for preserving social peace and order and for actively supporting the socialist legal system. Guided by the policy of "readjustment, restructuring, consolidation, and improvement," and acting in accordance with the two documents of the State Council concerning the implementation of special policies and the adoption of flexible measures in the province, our national economy has been making steady progress during readjustment. The total value of agricultural output in 1980 reached 11,681 million yuan, an increase of 10.49 percent over 1979, and following increased yields in 3 consecutive years, we had another good harvest. Total grain output by both state farms and collectives reached 15,463 million jin, an increase of 262 million jin over that of 1979. With the exception of peanuts, cured tobacco, and jute, which had decreased outputs, all principal cash crops showed increased yields. The total output of sugarcane increased by 7.91 percent, and that of tea increased by 13.45 percent. Forestry and animal husbandry have also developed. The total output value of fishery increased by 4 percent, and the total income of enterprises run by

communes and production brigades increased by 24.69 percent. The family sideline business of commune members also showed fairly remarkable success. State farms strived to improve their management and achieved new success in turning loss into profit. The overall situation in the countryside remained stable and showed signs of prosperity. Total industrial output value reached 7.55 billion yuan, an increase of 11.9 percent over 1979 on the basis of a progressive 16.99-percent increase in the previous 3 consecutive years. This included a total output value for light industry of 4.6 billion yuan, an increase of 15.5 percent. Traffic handled by the transportation system increased by 2 percent over 1979. Sea transport has developed, and communication between urban and rural areas has improved. Generated power increased by 19 percent, and the plan for coal production was fulfilled. Remarkable success was achieved in energy conservation. Machinery, chemical industry, construction materials, metallurgy, the national defense industry, and other similar trades have changed their product mix to serve agriculture, light industry, and the people's daily life with greater success. New development has also taken place in the electronics industry, posts and telecommunications, and geological surveys. A total of 130 million yuan, or an 18.4 percent increase over 1979, was invested in capital construction. Along with the development of industrial and agricultural production, finance and trade have also shown new vitality. In 1980, commodities totaling 4.61 billion yuan were purchased, a 16.2-percent increase over 1979, and the total volume of retail sales reached 5,076 million yuan, an increase of 15.83 percent over the previous year. Financial receipts totaled 1,533 million yuan, a 20.5-percent increase over the previous year, and expenditures totaled 1,508 million yuan. Thus, in addition to a balanced budget, we even had a small credit balance. Savings deposits in both urban and rural areas have increased by a wide margin, while the volume of foreign export totaled some 361 million dollars, a 47.5-percent increase over the previous year. New progress has also been made in utilizing funds from abroad and funds from overseas Chinese. We signed 670 contracts to process materials and assemble equipment supplied by foreign customers, and transactions totaled 27.08 million yuan. In 1980, we had already collected 3 million dollars (including purchased equipment) for our work, or a net receipt of 2.29 million dollars in foreign exchange. We also signed 49 contracts for medium- and small-scale compensatory trade, spent 9.08 million dollars on imported equipment and investments, and signed 19 contracts for joint ventures and cooperative undertakings. The amount spent on joint ventures totaled 10.86 million dollars. There were also 10 contracts signed for the importation of technology and equipment; the amount spent on equipment totaled 39.1 million dollars. Science, technology, culture, education, and public health undertakings all showed improvement. On the scientific and technological front, we made a series of important gains, some of which are quite significant. Our success in industrial and agricultural science and technology has already been turned into productive forces and has given a strong impetus to production. The number of students attending universities, middle schools, and elementary schools was an alltime high. There are now 81 secondary vocational schools, while sparetime universities and broadcasting and TV universities are being restored and developed. Cultural undertakings are now flourishing, while newspapers, publications, broadcasting, television, and sports are being further developed. Medical, public health, and family planning departments have done a great deal of work in improving sanitation in urban and rural areas and in improving the people's health. The natural growth rate of the population has dropped from 13 to 9.3 per thousand, as required by national planning.

We were quite active with foreigners and did our overseas work well. We received state leaders and visiting groups from Korea, Romania, Japan, Australia, New Zealand, Singapore, Malaysia, and other countries and held talks on trade and economic issues with people in industrial, commercial, and economic circles from 31 countries and regions. Fuzhou Municipality became a friendship city with Nagasaki of Japan, and recently our province established relations of friendship with Tasmania State of Australia. Since the open up of Fuzhou, Xiamen, Zhangzhou, and Quanzhou, our international contacts have increased, followed by the gradual development of tourism. Last year, some 135,000 tourists visited the province.

In 1980, government at all levels selectively solved some urgent problems with people's living conditions. We readjusted the wage categories in certain areas, and some workers are now getting higher pay. We also gave jobs to more than 174,300 people in the cities. Because of increased agricultural output and the raised prices of some agricultural sideline products, as well as the development of family sideline occupations among the commune members, the peasants' living conditions have been further improved. We have also appropriately increased our investments in scientific research, education, and medical facilities. Housing construction for workers and staff members has been accelerated, and some 1.56 million square meters of floorspace -- a 38.41-percent increase over the previous year -- were completed.

In the past year, the broad masses of commanders and fighters stationed in the province continued to carry forward the glorious tradition of the PLA and made important contributions to strengthening national defense, defending the motherland and the four modernizations, and supporting economic construction. The unity between the army and the government and between the army and the people has been further strengthened. Militia work, supporting the army and giving preferential treatment to army dependents, and providing for retirees soldiers and soldiers returning to civilian life have also had remarkable results.

Fellow deputies: In reviewing our work during the past year, we can see that under the guidance of the line, principles, and policies of the party's Third Plenum, and thanks to the united will and combined efforts of the people and the government organs at all levels in the province, we have progressed and developed on various fronts and in various fields in the province. The situation is excellent. However, there are still some serious problems in economic work with hidden dangers that cannot be overlooked. The salient features are: First, the disproportion in the national economy. The capital construction front is overextended, and there are more than 2 billion yuan, which is far beyond the limits of our financial and material resources. There is now a shortage of transportation and communications facilities. Railway transport has reached the saturation point, while many waterways are silted up. Our harbor and wharf facilities are still very backward, frequently resulting in serious traffic jams. Aviation also is inadequate. Agricultural production cannot keep pace with the growing needs in national economic construction and improvement of the people's living conditions. Because of the increased population, the amount of grain per capita is less than what it was during the best years in the province. The yields of peanuts, jute, cured tobacco, litchi and longyan nuts, and some other cash crops could not reach the highest past level. The development of animal husbandry and fisheries was slow, and damage to the forests was quite serious. In 1980 alone, the amount of timber wantonly or indiscriminately felled was estimated to be more than 1.2 million cubic meters. This

has further strained our forestry resources and caused a deterioration of the natural ecological environment, with a direct threat to agricultural production. Because of insufficient attention to the development of science, technology, culture, education, and public health, to an improvement of the people's living conditions, and to the scarcity of investments in these undertakings over a long period of time, there is now an imbalance between the production and nonproduction sectors. Secondly, market prices are not stable enough. The disparity between social purchasing power and commodity supply has been increasing year after year, and the volume of goods for retail sale cannot match the amount of currency in circulation. The inauguration of many channels of circulation and many forms of business was too much for management to cope with. As a result, plans for the procurement and distribution of agricultural and sideline products could not be fulfilled. In some places along the coast, speculation, profiteering, and smuggling have assumed serious dimensions. All this has created instability in market prices and has adversely affected the livelihood of the broad masses. Thirdly, the business management of some industrial enterprises is backward, with poor economic results. The principal economic indices of many main products were below the average national level. Some plants, enterprises, and units were concerned only with their output and did not make a serious effort to improve the quality or increase the varieties of their products. Some of them were even producing blindly, resulting in dislocations between production and marketing and in huge overstocks of metallurgical, mechanical and machinery, and power equipment. The problem of duplicated factory buildings has been quite obvious, because some localities have been blindly expanding their processing industry and creating a shortage of raw materials. While the old factories producing readily marketable goods are operating under capacity, some new factories are unable to sell their goods because of poor quality. Therefore, a large increase in industrial output value does not actually mean an increase in social wealth.

The situation as described above shows that although we did some work in the way of national economic readjustment in 1980, this work was not done well. From the macro-economic point of view, we have not yet reversed our passive position, and the problem of disproportion has not been basically solved. This situation should be attributed to the erroneous "leftist" ideological guidance in our economic work and to the interference and disruption of Lin Biao and the "gang of four." We did not thoroughly study or fully understand the various correct principles and important decision policies on emancipating the mind, seeking truth from facts, and correcting leftist errors; nor did we fully realize the seriousness and dangers of these errors in our agricultural work. Thus we failed to implement promptly some policies of the central authorities and, in directing economic construction, we were overanxious for quick success with no regard for economic results. The capital construction front became overextended, and people became accustomed to the economic system of self-sufficiency through "small and all-inclusive" units. Since we did not fully understand the two documents concerning the implementation of special policies and the adoption of flexible measures, our work progress was slow or far short of the central authorities' expectations. Even now, we have not worked out a concrete plan or found a good way out. For this reason, we must conscientiously sum up historical experiences, completely shake off the fetters of "leftist" thinking and methods, and set right the guiding thought for economic work. We must carefully proceed from the realities of our province, pay great attention to readjustment, stabilize the economy, and carry out economic construction in our province in a sober and healthy way.

The Party Central Committee and the State Council have decided on an important policy for economic readjustment and political stability and unity. This is the only correct policy in our country at present, both economically and politically. Recently the central authorities have reiterated their unswerving determination to implement special policies and adopt flexible measures in our province. The purpose of the Report on Government Work in 1981 is to mobilize people throughout the province to implement this important policy with one heart and one mind, to act according to the two documents of the central authorities concerning the implementation of special policies and the adoption of flexible measures for our economic activities with foreigners, to make our economic readjustment a success, and to maintain the steady development of our national economy.

Now let me report on our plan for this year's government work, with particular reference to four different aspects.

1. Carry Out Further National Economic Readjustment

In the current year, the main requirements for the province's economic readjustment are a sufficient retreat on the capital construction front, reduced spending, readjustment of enterprises, price stability, agricultural development, increased light industrial output, improved scientific education, flexible policies, a brisk foreign market, and better living conditions for the people. According to our plan, the total value of industrial and agricultural output in the province should reach 12 billion yuan, an actual increase of 2.7 percent over the previous year. This includes agricultural output value of 4.2 billion yuan, an actual increase of 1.6 percent over the previous year, and total grain output of 15.8 billion jin, an actual increase of 3.3 percent over the previous year. This also includes light industrial output value of 4.9 billion yuan, an increase of 5.4 percent. Export trade should total 302 million dollars; financial receipts, 1.45 billion yuan; and financial expenditures, 1,341 million yuan with a balanced budget.

To fulfill these economic readjustment tasks, we must pay great attention to our work as follows:

(1) Continue To Strengthen the Agricultural Foundation by Improving Various Aspects of Agriculture

Agriculture is the foundation of the national economy and has a strong bearing on the scope of economic construction. Therefore, striving for an all-round agricultural harvest is a matter of prime importance in our economic work. There is little farmland but a large population in our province. This is unfavorable to agricultural development. However, we have many mountains, a spacious sea area, abundant rainfall, and a mild climate. These are favorable factors. In carrying out agriculture, we cannot confine our attention to only some 20 million mu of farmland. We must broaden our vision and work out a comprehensive plan for the mountains, water surface, fields, and land in an overall arrangement for agriculture, forestry, animal husbandry, sideline production, and fisheries.

First, Adopt Flexible Policies and Continue To Enforce the System of Responsibility for Agricultural Production

The main cause for the slow agricultural development in our province is that for a long time we have been influenced and fettered by "leftist" thinking. After the Third Plenum of the party, our minds were not sufficiently emancipated in dealing with such matters as readjusting production relations, adopting flexible rural policies, and enforcing the system of responsibility for agricultural production. There were excessive restrictions, criticism, and accusations, and for a fairly long time we did not support the system of work responsibility for groups and the principle of payment according to production. We also arbitrarily opposed the system of fixing production quotas for individual households, with the result that in a fairly large number of our production teams the system of production responsibility could not be implemented. Then the Party Central Committee's "Notice Concerning Several Problems in Further Strengthening and Perfecting the System of Production Responsibility" was relayed to the lower levels. We became more enlightened after studying it, and accordingly we issued instructions for its implementation. Early this year, the Provincial Party Committee again worked out urgent measures for the immediate implementation of the system of responsibility for agricultural production, held meetings of prefectural and county party committee secretaries, studied the documents of the working conference of the Party Central Committee, and reviewed our lessons learned from the "leftist" errors. After achieving a unity of purpose among the cadres, the responsible persons at the prefectural and county levels led some 10,000 government cadres down to the basic levels where they looked for typical examples, summed up experiences, studied, and helped solve some real problems in enforcing the system of responsibility. The Provincial People's Government drafted the "Regulations Concerning Certain Special Problems of Agricultural Production Policy," which was distributed among various localities along with a solicitation of views. By now, more than 90 percent of the production teams in the province have adopted the system of responsibility for production in various forms. The people's government at all levels and the broad masses of comrades working in the countryside should continue to act in accordance with the Central Committee's document and do a good job of implementing various agricultural policies, with the system of responsibility for production as the core. Leaders at all levels should also go down to the lower levels to join the broad masses in summing up their experiences, both positive and negative, and in implementing the system of responsibility for production; then they should conscientiously handle the new situation and new problems following the enforcement of this system in various forms, such as problems relating to farmland water conservancy, the prescribed procurement of grain and oil, the quota procurement of agricultural and sideline products, the question of job responsibility for basic-level cadres in communes and production brigades, and so forth, so as to improve further the management of the collective economy. In places where the system of responsibility is being carried out satisfactorily, the leaders should direct their efforts toward promoting grain production and multiple undertakings and toward gradually setting up and popularizing the system of economic contracts in order to increase production. Ideological and political work should be stepped up, and peasants should be taught to love the state and the collectives and to uphold the socialist road, so that they will willingly fulfill or overfulfill the quota of prescribed procurement, quota procurement, and planned purchases. The practice of abandoning agriculture to engage in commercial activities or in speculation and profiteering should be opposed. Individual farming is going on in a few localities; however, we need not be too strict in its prohibition. We should guide and help these peasants develop their production and overcome their difficulties in various transitional forms and in getting them organized. To strengthen and

improve the system of production responsibility, it is necessary to improve financial management and to practice planned management in close coordination with material management.

Second, Pay Great Attention to Grain Production and Vigorously Develop a Diversified Economy

Grain production and a diversified economy are mutually complementary. If we relax our efforts in grain production, there will be no guarantee of supply for the urban population. Instability of grain production and grain prices will seriously affect the general price stability in the market and hamper the progress of economic construction. From the standpoint of the province, therefore, grain production should receive prime attention; we can never afford to take this matter lightly. We should allot definite grain areas and strive to raise output per unit so that total grain output will continue to increase every year. We must also pay great attention to grain conservation. While attending to grain production, we should vigorously develop a diversified economy, including the production of sugarcane, tea, cured tobacco, edible oil, and other cash crops and try to produce more in forestry, animal husbandry, sideline occupations, and fisheries. In developing cash crops, we must practice intensive farming and fully tap natural potentials by taking advantage of the water, land, and climatic resources in various localities. We must make every effort to raise the per-unit output and the utilization and productivity of land.

Our province enjoys the superiority of forestry, an important asset of the people in Fujian Province. We must be careful to preserve, develop, and make rational use of this superiority. Government organs at various levels should resolutely implement the "Decisions on Certain Problems Concerning the Preservation of Forests and the Development of Forestry." At present, we must pay great attention to the protection of proprietary rights over mountains and forests, and before next spring we should complete the issuance of forest property certificates, enforce the system of forestry production responsibility, strengthen our unified and centralized control over timber, and strictly restrict the felling of trees and bamboo. We should conscientiously implement the policy of taking forestry as the foundation. While treating afforestation by communes and production brigades as our main concern, we should also actively promote state afforestation and encourage individual commune members to plant and nurture their own trees. Trees should be planted in the fast farming and fishing areas along the coast, and continued efforts should be made to protect the forests. In the hilly regions, slash areas should be renovated and the mountains should be sealed off for the nurturing of saplings. Efforts should also be made to nurture young plants and improve secondary growth. In places where firewood is scarce, great efforts should be made to build up fuel forests. We should uphold scientific afforestation, plant trees suitable to each locality, and be sure that every tree we plant will grow up to make a forest. Under favorable conditions, we should practice intensive planting in order to build a forest base with fast-growing trees. Precautions should be taken against forest fires. At the same time, comprehensive utilization of timber and the practice of economy by using substitutes should be encouraged. The old idea of abundance of firewood in a forest should be changed. If local conditions permit, we should substitute coal for firewood and develop marsh gas and small hydropower plants in order to conserve timber.

Animal husbandry and fishery are important components of the national economy as well as important means of changing our food patterns. With the increase of fish meat, poultry, egg, and milk products, the consumption of grain will naturally be reduced. Therefore, we must regard animal husbandry and fishery highly, get rid of the fetters of "leftist" conventions, and adopt more flexible policies. We should encourage the broad masses of peasants to rear pigs and find some way to quickly solve the problems of pig rearing, commercial transactions, processing, and storage. Particular attention should be paid to the protection of sows and the practice of a contract system for the procurement of pigs. We should make full use of the grassy slopes, totaling tens of millions of mu, in our province to increase the number of grazing animals, particularly cows. State-run and collective agricultural and herding units should rear cows and encourage individual commune members to do the same. These individuals should be permitted to rear and sell their own cows, while the communes, production brigades, and departments concerned should give them every support in the way of funds, pricing, fodder, calves, and techniques of rearing. Sheep rearing has a fast turnover because of its high breeding rate. Therefore it should be promoted. We must work hard to set up a breeding base for pigs, cows, and sheep and raise their commercial value. It is also necessary to promote the breeding of chickens, ducks, geese, rabbits, bees, and silkworms. The great material resources along the coast should deserve our special attention, and we should actively develop the breeding as well as the catching of fish. Many problems have arisen in fishery and the building of a fishery base at present because of our failure to implement some policies and changes with regard to our aquatic resources. Particularly in 1980, we had several typhoons which brought some difficulties to our fishery production and to the livelihood of our fisherman. Therefore, for the current year our work should focus on the livelihood of the more than 1 million people in the fishing areas, strengthen and perfect the system of responsibility for fishery production, and permit the existence of various forms of business, labor organization, and methods of remuneration. We should broaden the avenues of production and enliven the fishery economy by linking it with grain and other material production. We should also fully develop existing productive capacity, improve the techniques of fishing, increase the facilities for processing [the catch] and keeping it fresh, and then further expand our fishing grounds outward into the sea. Care must be exercised in protecting and rationally using aquatic resources. While paying attention to ocean fishing, we should make full use of the beaches and inland water surface for the development of seawater and freshwater breeding. Deserted beaches can be allotted to individuals for breeding purposes, and individuals or groups of individuals on a partnership basis should be allowed to purchase small boats in order to "exploit the sea."

Commune- and production brigade-run enterprises should be developed in a planned and systematic way under the guidance of the state's planned economy. The focus of their work is to develop planting and breeding. Provided they do not compete with large plants and mines for raw materials or cause any damage to national resources, they should adopt measures suitable to local conditions for processing, or primary processing, of agricultural and sideline products. If conditions permit, they can also develop processing, construction, and service trades to serve large plants, cities, and export agencies. At present, we should carefully attend to the readjustment of commune- and production brigade-run enterprises, strengthen their financial management, improve their rules and regulations, and stress economic benefits. Those small, new, and backward enterprises that compete with large, old, and advanced ones

in disregard of the overall situation, causing damage to material resources, unreasonably intruding onto good farmland, or causing serious environmental pollution, should be resolutely closed, suspended, merged with others, or converted to produce other goods. We should encourage and support commune members to develop their household sideline occupations. They should be free to do so as long as they do not exploit others or damage material resources and collective production.

Third, the Need To Stress Science

In agriculture, forestry, animal husbandry, and fishery science should invariably be stressed. The role of agrotechnicians should be given full play, and a contract system based on production should be practiced on a trial basis. We should step up our efforts in the work of surveying natural resources for agriculture and demarcating agricultural zones. We should also strengthen our work on improving the strains, developing the advantage of hybridization, and promoting seed selection for cash crops so as to popularize the use of high-yield and sturdy strains and to make a breakthrough in nurturing fine strains for the late rice as soon as possible. As for fertilization, we should strive to remedy the shortage of potassium and phosphorus in chemical fertilizers and pay attention to barnyard fertilizer, particularly with regard to the rearing of animals, the accumulation of manure, and the making of compost. The organic component of soil should be increased, and scientific application of fertilizer should be further improved. The system of planting should be reformed according to local conditions so that land can be used to greater advantage through a proper relationship between the use and the preservation of land. We should protect our plants well and do a good job of weather forecasting and reporting. Farmland capital construction should be carried out in a practical way, and good bases should be set up for marketable grain and cash crops. Mechanization of agriculture should be based on the actual conditions of the province, and presently available farm machinery should be fully utilized. At the same time, we should strive to study and manufacture various types of machinery for agriculture, forestry, and animal husbandry. Products which have not passed the test should not be blindly popularized. Research in animal husbandry and veterinary work should be strengthened so as to improve the treatment and prevention of fowl and animal diseases and to raise scientific rearing to a higher level. A general survey should be conducted on the grassy slopes and, on the basis of this survey, plans will be worked out for the utilization, transformation, and building of prairies. A good grass seed base should be set up in order to grow more fine fodder. The straw of crops and agricultural byproducts should be fully and scientifically utilized so as to develop the fodder industry and popularize the use of compound feed. We should manage planting and herding grounds well, with particular attention to the dams and the importing of fine strains. The breeding of poultry and cattle should be improved through extensive economic cross-breeding. We should develop comprehensive processing and research in agriculture, forestry, animal husbandry, and fishery so as to increase their utilization rate and raise their economic value.

Strengthening agriculture as the foundation is a matter of great concern for the government at various levels. Leaders at various levels should attach great importance to agriculture, and efforts at the prefectural and county levels should be concentrated on promoting agriculture and providing more active leadership over rural work. There should be a solid rank of agricultural cadres, and the building of leading bodies for communes and production brigades should be well attended to.

It is particularly necessary to form and strengthen the leading bodies of production brigades and production teams, to enforce the system of job responsibility for the cadres, and to institute a system of bonuses for rural cadres. Commune and production brigade cadres should be trained in a planned way in different groups and at different times so that they will understand the current policies and decrees and master the specific methods to perfect the system of production responsibilities as well as the economic management of socialist collectives and agricultural science and technology. The right of communes and production brigades to manage their own affairs must be protected, and the broad masses of rural cadres and commune members should be relied on to promote agricultural production and improve rural work. All departments should be concerned with agriculture, support agriculture, and try every possible way to promote the all-round development of agriculture.

(2) Carefully Attend to the Internal Readjustment of Industry, Give Full Play to the Superiority of Our Province, and Actively Develop Light and Textile Industries

To boost our industrial production for the current year, we must carry out further internal readjustment for industry. First, we should vigorously develop the production of consumer goods and concentrate our efforts on further improving the people's livelihood, streamlining the market, and producing more light industrial, textile, handicraft, and other products of the food industry for export. We should particularly do well in sugar refinery, papermaking, tobacco curing, food canning, wine brewing, and the production of sewing machines, tea, textiles, plastics, and forestry products and the comprehensive utilization of timber. We should continue to uphold the principle of "six priorities" for light industrial, textile, and handicraft products and guarantee the allocation and supply of raw materials and energy. Foreign exchange possessed or retained at the local levels should be used mainly for the import of raw materials for light and textile industries and the necessary spare parts and accessories. This will help planning for the production of some medium- and high-grade consumer goods.

Second, attention should be paid to the raw materials industry and the production of goods that are in short supply. The machinery, electronics, and munitions industries and other trades should make maximum use of their existing productive forces to produce various types of industrial goods for daily use and durable consumer goods according to current market requirements, and at the same time supply advanced equipment for technical transformation and capital construction in various trades and undertakings. Continued efforts should be made to step up production of chemical fertilizers, insecticides, farm machinery, and other items for the support of agriculture.

Third, readjustments should be carried out among existing enterprises so that they will produce readily marketable goods of low price and fine quality. Generally, production should be halted when the goods are in excessive supply and conditions are unfavorable for business operations. Enterprises to be "closed, suspended, amalgamated, or converted" refer to those small factories (producing liquor, tea, tobacco, preserved and canned food, or paper, or engaging in printing and drug manufacturing) which have been newly built thoughtlessly and those small foundries, small coal mines, and small chemical fertilizer factories which are producing goods at high cost, consuming a great deal of raw materials and energy, and having poor economic results. In "closing, suspending, amalgamating, and converting,"

amalgamating and converting are primary. The amalgamation and conversion of enterprises should not be restricted within regional boundaries or trade barriers. They should be based on actual conditions and carefully planned along with a comprehensive arrangement so that the enterprises concerned will not be converted to produce the same line of goods and thus create new contradictions. The personnel of enterprises that have been closed, suspended, amalgamated, or converted should be well taken care of. Those temporarily out of work can be organized to study politics, culture, and technology or to undertake equipment maintenance, to repair dormitories, and to improve the environment by planting trees. It is also permissible to plan for the regular education of a number of cadres, workers, and staff members as a form of intellectual investment.

Fourth, great efforts should be made to strengthen business management and improve economic results. All enterprises should carry out further readjustment, set up and perfect the responsibility system, and practice overall quality control and overall economic accounting. Their personnel should undergo training in a planned way, and a normal production order and strict labor discipline should be set up so that business management and scientific and technological know-how will continue to improve. All economic departments should do their utmost to tap the potential of enterprises--renovating and transforming their equipment, reducing their consumption of energy and raw materials, improving the quality of their goods, increasing their efficiency, and expanding their production. Fujian is short of oil and coal. In carrying out technical and structural transformation, we must first consider energy conservation, adopt effective technical measures for energy conservation, and strengthen scientific management over the use of energy. At the same time, a readjustment should be carried out to correct disproportions within the coal and power industries.

We should take the opportunity of readjustment to actively reorganize industry. According to rational economic principles, we should organize specialization and coordination and economic integration, change the industrial structure and product mix, improve the industrial pattern, utilize our strongpoints and steer away from our weaknesses, and give full play to the superiority of our province.

(3) Reduce the Scale of Capital Construction and Bring About Better Investment Returns

Reducing the scale of capital construction is the key to switching our national economy from a passive to an active position. We must uphold the principle that capital construction planning must be highly centralized, proceed from the realities in Fujian, and realistically and earnestly carry out the readjustment of capital construction in the province successfully. To reduce investment in capital construction, we must have a thorough knowledge of the projects still under construction, and readjust the orientation of investment. Locally raised funds for capital construction in 1981 should be used mainly for the promotion of agriculture and light industry, and for the improvement of the people's livelihood. At the same time, we should greatly strengthen communications and energy generation, the two weak links which are seriously hindering the economic development of our province.

Therefore, we must carefully check the projects under construction one by one and be determined to halt those which are unrealistic in terms of construction possibilities

and those which will not constitute a productive force even after completion. We must resolutely rectify the situation whereby redundant projects are blindly started and small factories compete with large ones, resulting in a dispersal of forces; we must continue to reduce the scale of capital construction and improve investment results. We must concentrate our forces on the construction of harbors, airports, and power stations, on the production of sugar and textile goods, and on the comprehensive utilization of timber.

To use our limited funds and the "three materials" to strengthen the weak links of communications and transportation and energy, the funds and resources for capital construction throughout the province must be used in a highly centralized manner. The general scope of construction in all departments, prefectures, municipalities and counties, and all self-raised funds and bank loans should be approved according to the regulations formulated by the State Council, and the approved scope of construction cannot be [allowed to] expand later. Capital construction funds obtained from various channels should be incorporated in an overall arrangement, after a comprehensive accounting by the planning departments at various levels, so that the total amount of expenditures can be controlled and used in the correct direction. Capital construction financed by self-raised funds in all regions and departments must be subordinated to the readjustment of the national economy. Funds specially intended for construction projects that have a direct bearing on the people's livelihood--such as workers' dormitories, municipal construction, commercial networks, scientific education and culture, medical treatment and public health, environmental protection, agriculture, local transportation, and so forth--cannot be used on any new industrial projects. Self-raised funds should not be used for the building of halls and mansions or the purchase of sedan cars.

There should be a strict system of examination and approval for capital construction projects and strict capital construction disciplines. Capital construction projects include those undertaken with the use of foreign funds. Investigations into the feasibility of the projects and advance work should be carefully carried out, and the capital construction procedures should be strictly followed. In approving new projects, we should conduct discussions and examinations, respect scientific requirements, and be concerned with economic results. Town planning should be carefully carried out in Fuzhou, Xiamen, Zhangzhou, Quanzhou, Sanming, and Nanping. All capital construction projects should be included in the capital construction plan, and the planning committees and capital construction committees at various levels should work out an overall balance and a unified arrangement. Without such an overall balance, no provincial, prefectural, or municipal leadership can have the authority to approve plans for any new projects. Capital construction plans are worked out and revised only once a year. There should be no exception to this ruling.

In reducing the scale of capital construction, we must bear the overall situation in mind and start or halt any project as justified. All activities of the provinces must be coordinated like pieces in a chess game, so that the work of readjustment will proceed smoothly and even greater success can be achieved.

(4) Step Up the Work of Science and Technology, Culture and Education, Public Health and Family Planning

We must step up our scientific and technological research so as to bring their roles

into play in transforming the society and economy. While paying attention to the study of applied science and developing our research, we should also attach importance to the study of the basic theories, study more about the science of management, protect the fruits of scientific and technological achievements, and organize the exchange and import of science and technology. We should actively launch such activities as academic discussions, mass scientific study, and the popularization of science. Government bodies at various levels should provide more active leadership over scientific and technological pursuits, conscientiously implement the policies concerning scientific and technological personnel, and make good use of the talents of overseas Chinese and foreign experts to promote scientific and technological research in our province.

We must attach great importance to and show great concern for education. During the readjustment, the focus of our work is to improve the quality of teaching, to run schools of various types and at various levels efficiently, and, if at all possible, to invest a little more in order to accelerate the development of education. Popular elementary school education should be attended to as a strategic task. We should run schools in various forms. While vigorously developing staterun schools, we should encourage and support the communes, production brigades, plants, mines, enterprises, and various trades and professions in running their own schools. The establishment of private schools should also be permitted. In rural areas, remote or border regions, and areas of national minorities, we must endeavor to eradicate illiteracy. The educational program for secondary schools should be gradually reformed and vocational education should be actively developed by increasing the number of secondary vocational schools and secondary agricultural schools. The number of vocational (technical) courses at ordinary senior high schools should also be increased gradually. Institutes of higher learning should readjust their vocational curricula and add more vocational courses that fit in with the requirements for the development of our province as a special economic zone. They should also appropriately increase the proportions of special courses on literature, law, and commerce. While effectively running regular schools, we should also develop various forms of sparetime education in order to raise the workers' cultural and educational level and to encourage self-study among those who have a regular occupation. Schools at all levels and of all types should comprehensively implement the party's education policy and pay attention to the all-round moral, intellectual, and physical development of students. Education on the current situation, on the philosophy of life, and on communist moral qualities should be stepped up among teachers and students so as to foster socialist spiritual civilization and to help our young people grow up to be constructive citizens with ideals, morality, knowledge, and physical strength.

The work of culture and art must conform to the party's literary and artistic orientation and firmly uphold the policy of letting a hundred flowers blossom and a hundred schools of thought contend in serving the people and socialism. Mass cultural activities should be strongly encouraged, and there should be more facilities in the cities for young people's cultural activities to be better organized. At present, cultural entertainment for youths in the countryside is very scarce. We should set up rural cultural centers in small and medium-size towns so as to enrich cultural life in the countryside. Newspapers, broadcasting, television, publications, libraries, and other cultural entities should be further developed. In sports, we must continue to adhere to the principle of combining popularization with

the raising of standards in order to make new contributions. All our cultural and propaganda departments should take up the responsibility of educating the people, and particularly of helping the healthy growth of young people.

Medical treatment and public health should be carried out strictly according to the principle of simultaneous development of traditional, Western, and the combination of traditional and Western methods as three separate forces and the principle of "prevention first." The existing medical and public health departments should be adequately staffed and improved. Medical education should be effectively promoted, and on-the-job training should be stepped up in an effort to improve the quality of medical treatment. Continued efforts should be made to consolidate and improve cooperative medical service in the countryside, and to review and popularize the new forms of medical service consistent with rural economic policy and the system of production responsibility introduced after readjustment. Commune health centers should be well run, and the medical personnel of counties and communes should undergo rotational training in order to become more proficient. The patriotic public health campaign should be continued, and the sanitary conditions of both urban and rural areas should be improved. It is particularly necessary to improve the water supply and sewage systems in order to solve the problem of drinking water for the people. In the interest of people's health, the work of eradicating pests and eliminating diseases should be strengthened and the spread of infectious diseases must be effectively controlled. Drug control and examination should also be strengthened.

Planned parenthood is an important, long-term, strategic task. The promulgation of the new marriage laws does not seem to be well understood by some cadres and the broad masses. As a result, there have been many cases of early marriage and early birth. All localities should step up their propaganda and education so that the cadres and the broad masses will correctly understand the new marriage laws and willingly practice late marriage and family planning. Adequate policies and measures should be adopted to encourage family planning according to the requirement of "reward for one, limit to two and avoid the third [child]." In carrying out the task and measures of family planning, in-depth and meticulous ideological work is necessary. We must have patience in using persuasive education, guard against coercion, and be sure that birth control techniques are safe. We should also protect the health of women and children, run good child-care centers, and help with the birth, upbringing, and health of children as best we can.

2. Continue To Implement Special Policies and Adopt Flexible Measures

While carrying out further readjustment of the national economy, the CCP Central Committee and the State Council have decided not to change their special policies and flexible measures for our province. However, they pointed out that the steps taken and methods used should be subordinated to the readjustment program and that we should be prepared to work more for the state. We must therefore correctly understand and solve the problems of the relationship between economic readjustment on the one hand and the implementation of special policies and flexible measures on the other. The purpose of readjustment is to assure overall economic stability so that our economic work will gradually be changed from a passive to an active position. Thus we must proceed from realities, make a sufficient retreat if such is necessary, strive to accomplish whatever should be accomplished, completely change

the economic imbalance, stand firm, and then continue our advance. In a deeper sense, we have taken the initiative to carry out an overall readjustment only for the purpose of freeing our economic work from the fetters of "leftist" ideas and methods, so that we can take a new road of economic development consistent with our national conditions. The purpose of the central authorities' special policies and flexible measures for Fujian is to enable the province to make a head start in promoting the economy by taking advantage of our proximity to Hong Kong and Macao, our sea transport facilities, the large number of overseas Chinese, the abundance of material resources, and other superior conditions in addition to the present favorable international situation. It is only compatible with the general goal of readjustment of the national economy to do so. Fujian's economy is a component of the entire national economy, and an enlivened economy for Fujian means support for the readjustment of the national economy. During the readjustment, we must think of the overall situation first and be prepared to share the state's difficulties. We can slow down a little, resolutely follow the unified direction of the central authorities, strictly abide by and resolutely implement the important policies and measures of national significance, and ensure the fulfillment of the various plans and tasks handed down by the state. At the same time, we should make use of the privileges given us by the central authorities in the form of special policies and flexible measures and, instead of asking the state for money or materials, we should boldly absorb funds from foreigners and overseas Chinese to build enterprises, set up our special zones, strengthen the weak links of harbor and airport facilities and power supply, and accelerate the development of agriculture and light industry. Only by these means can we enliven Fujian's economy, increase local finance, create more job opportunities, improve the people's livelihood, and make a greater contribution to the country.

The use of funds from overseas Chinese and foreigners to import advanced technology and equipment and to develop the processing of materials supplied by customers and compensatory trade is a very great advantage for our province. Although we did not make much spectacular progress last year, we did gain something. In the current year, we must further emancipate our minds, make our policies more flexible, and further increase our work efficiency. Any project that is advantageous to us and free from risk can be started by boldly importing foreign funds. According to the requirements and feasibility of our province, the focus of our work in importing foreign funds and in economic cooperation with foreigners is to develop agriculture as well as light, textile, and electronic industries, to strengthen our communications facilities and energy resources, and to exploit our natural resources. We should also set up more enterprises that are labor-intensive. If we need to import any items, we must organize our forces to carry out a meticulous study on the feasibility of the project, listen to the opinions of experts, draw up alternate plans for comparison, and conduct collective deliberations before making any decision. Once a decision is made, we should conduct negotiations with the foreign party without loss of time, increase our work efficiency, and strive to obtain maximum economic benefits. The localities and departments should be closely coordinated in working out a comprehensive plan so as to avoid duplicated importation.

The setting up of Xiamen as a special economic zone should be promptly attended to. Here we intend to set up an economic zone with export processing as its main undertaking and for the comprehensive development of tourism, housing, civil engineering, science and technology, culture and education, agriculture, forestry, animal

husbandry, sideline occupations, and fisheries. If permitted by financial resources in the province, we should start with construction on the 2.5-square-kilometer land inside the lake area. After gaining experience, we will gradually expand the scope of construction. In 1981 and 1982, we will concentrate our forces on improving the water and power supply, the roads, airports, harbors, communications, and other basic construction. These are the basic features which a special zone must possess; without them, there will be no attraction for the special economic zone. These construction projects will be financed by state investments (including the use of locally raised funds) and supplemented by foreign loans. While constructing the processing area in the lake, we should also make good use of the various funds from overseas Chinese and foreigners to import advanced technology for the transformation of the old enterprises now in Xiamen, so as to create more productive capacity. All departments and units in the province should support and be concerned with the building of the Xiamen Special Zone, and look upon it as a sign of economic prosperity for the whole province.

It is necessary to continue to improve our foreign trade. Our emphasis is on the production of commodities for export. First, we have to build a good base for export commodities and be assured of a steady supply of goods. Second, consideration should be given to both domestic and foreign trades, and, provided the market in the province is in good order, we should strive to export more commodities. Third, we should actively practice the method of using imports to support exports. With our existing plants and equipment, we should import more raw materials for processing and then export the finished products. We should resolutely change the makeup of exported commodities, increase the volume of final products after comprehensive processing and of fresh and live commodities, and let more of our machinery and power products, light industrial and handicraft products fight their way into the world market. Active support should be given to canned mushrooms, Wulong tea, and other commodities which are already selling well in the world market. We should further improve their output and guarantee their fine quality. There is still a need to solve the problem of the backward packaging of our exported goods in order to earn more foreign exchange. Starting this year, our province will be responsible for the surpluses and deficits of foreign exchange. With the exception of the base portion, export losses will be borne by the local financial departments. Foreign trade enterprises at all levels should strengthen their business management, exercise strict economic accounting, lower production costs for their goods exported for foreign exchange, and strictly control the export of commodities which may bring heavy losses. We must have the determination to clear out overstocked goods so as to reduce our loss in foreign trade. The foreign trade system should gradually be reformed, and enterprises should have greater power in managing their foreign trade. The system of procurement for foreign trade should be replaced by an agency system so as to integrate industry with commerce and bring production into direct contact with marketing. Thus integrated enterprises will be the actual organizations engaged in trade. Foreign exchange should be well controlled in accordance with state regulations. Foreign trade departments should actively investigate the world market and keep themselves well informed by taking advantage of our organs stationed in Hong Kong in order to enliven our foreign trade. To meet the requirements of our daily increasing economic activities abroad, we must quickly train and build up a contingent of intelligent cadres who should be conversant with their profession, know foreign languages, and strictly observe the discipline regarding foreign affairs.

Improved overseas work and the development of tourism are the main channels for absorbing funds from overseas Chinese and foreigners. We should continue to implement our overseas affairs policy. At the same time, we should adopt various flexible policies and measures to strengthen the relationship between overseas Chinese and their homes and native villages, and to make good use of the funds and remittances from overseas Chinese in building small and medium-size towns. This will also encourage investments by overseas Chinese in building plants, schools, hospitals and other cultural and welfare projects. Special companies should be formed to handle remittances from overseas Chinese in construction projects and to help overseas Chinese abroad, returned overseas Chinese, or their dependents to build houses, in coordination with the program of building small and medium-size towns according to a unified plan and a rational layout. We should make great efforts to open up overseas Chinese areas and to pay attention to the supply of special commodities for the cities which have been opened up. A portion of the foreign exchange from overseas Chinese should be retained to take care of supplies for overseas Chinese, so that such supplies will bring in more foreign exchange from the same source. Schools, farms, and factories for overseas Chinese should be well run. The main purpose of developing tourism is to promote the construction of tourist attractions in Fuzhou, Xiamen, Quanzhou, and Wuyishan. In undertaking such construction, we must see to it that, in addition to enhancing the amenities and scenic beauty of these places, they should display our country's achievements in national, cultural, and historical development and our socialist spirit and traditions. We should build up a contingent of workers to serve tourism, strengthen our business management, and improve our service.

To meet the requirements of special policies and flexible measures, we should carry out a proper restructuring of the economic system. Departments in charge of finance, taxation, banking, labor, materials, prices, commerce, and foreign trade at all levels should conscientiously sum up their experiences from last year's restructuring of the economic system. Departments in charge of finance, taxation, banking, labor, materials, prices, commerce, and foreign trade at all levels should conscientiously sum up their experiences from last year's restructuring, continue to implement measures conducive to a lively economy, and constantly try to perfect them.

The purpose of special policies and flexible measures is to accelerate Fujian's economic construction. This is the expectation of the central government as well as the earnest hope of people throughout the province. Our comrades engaged in government work at all levels should emancipate their minds, work hard, and make greater contributions to the country.

3. Stabilize the Market and Prices, and Improve the People's Livelihood

We should closely coordinate economic development with appropriate measures for the improvement of the people's livelihood. The market and prices are a comprehensive reflection of the national economy and have a bearing on thousands and tens of thousands of households and a direct effect on people's immediate interests. Rather than simply being a matter of market and price stabilization, this is an important duty for the people's government at all levels. The basic measures for improving the people's livelihood and stabilizing the market and prices call for developing production and striving for bumper agricultural harvests and increased production of light industrial and consumer goods. At the same time, the following measures should be adopted:

First, Strengthen the Regulative Role of Planning and Do Well in the Procurement and Distribution of Commodities

The use of the regulative role of the market, under the guidance of state planning, and the strengthening of necessary administrative intervention do not mean the abolition of this regulative role and the enforcement of a rigid system that would be a return to the old way. On the contrary, they mean continued efforts to arouse the enthusiasm and initiative of the enterprises and basic-level units along with the strengthening of macro-economic guidance in order to bring about a lively atmosphere. However, industrial and agricultural products of the first and second categories, which concern national planning and the people's livelihood, must be controlled by the state in order that the relationships between supply and demand in production, livelihood, export and other matters can be adjusted and balanced and can contribute to the stability of the market and of prices. The policies of unified procurement, quota procurement, and planned purchase of agricultural and sideline products of the first and second categories should be subjected to unified planning, unified policies, and unified purchases. The finance and trade departments should sign contracts with the rural communes and production brigades for the unified procurement, quota procurement, and purchase of agricultural and sideline products. Until they fulfill the state's purchase requirements, the communes and production brigades (including state farms, tea plantations, and orchards) cannot sell their own products to others, and no other department whatsoever can purchase anything from the producing areas. All localities should bear in mind the overall situation and strengthen centralized unity. The communes and production brigades should see to it that the units responsible for production should faithfully fulfill their obligations for the procurement of agricultural and sideline production and be sure that state procurement and distribution of these products can be completed on schedule. Any area or unit that has not fulfilled its obligations for state procurement and distribution will not be allowed to make arrangements for cooperation or integration with other areas or units. The procurement of industrial goods for daily use should be carried out strictly in accordance with contracts, so as to keep within bounds the sale of products by the plants themselves and to ensure the fulfillment of state planning, as well as to facilitate an overall arrangement for the markets. Industrial departments are allowed to sell those products that are not wanted by the commercial departments. State-run commercial enterprises and supply and marketing cooperatives are the mainstays of urban and rural markets. All trades and undertakings should support them and give play to their guiding role in the market. At the same time, we should continue to develop the supplementary and regulative roles of collective enterprises in the urban and rural areas and country fairs. Division of work in management over commodities should be arranged according to the departments involved, and these departments should be responsible for fulfilling state plans and marketing the products. The portions of materials and commodities produced outside the plan, and commodities imported with foreign currency retained by different localities and departments, should first be included in the provincial plan for adjusting the circulation of goods within the province. After the requirements of production and the market in the province have been met, and with the concurrence of the departments in charge, the surplus products can be disposed of outside the province in exchange for whatever is needed in the province. Industrial and commercial administration departments and banks should strengthen their supervision over such matters. To readjust the disparity in the market, we should make use of our indigenous, sideline, and special products and exchange them in a planned way for light industrial raw materials or commodities.

Second, Increase Revenues, Curtail Expenditures, and Control Currency Issuance

We must be guided by the principle of attempting only what is possible in developing all undertakings. Investments in capital construction should be strictly controlled, and after the plan for capital construction has been worked out, no new slots can be created. All fees collected according to regulations should go into the national treasury. Administrative expenses for enterprises and establishments should be curtailed, and continued efforts should be made to control institutional purchases, to check the indiscriminate payment of bonuses, and to oppose extravagance and waste. Any action in violation of financial and economic discipline should be combated. We should also strengthen the control of credits, give full play to the supervisory role of banks, speed up the turnover of funds, reduce overstocking, energetically carry out the withdrawal of currency, and promote bank savings and deposits.

Third, Take Careful Inventory of Warehouses and Tap Commodity Potential

Unsaleable commodities belonging to the commercial, supply and marketing, foreign trade, and material sectors should be cleared out of the warehouses and sold in the market after processing or remodeling. All departments in charge should pay great attention to this type of work and issue specific instructions to each and every lower level, with a time limit for the task to be accomplished. As for the funds tied up by overstocked goods up to year's end, the bank should charge higher interest rates.

Fourth, Continue To Implement the State Council's "Notice Concerning the Strict Control of Commodity Prices and Negotiated Prices"

We should set up and perfect a system of price controls, scrupulously follow the stipulations concerning the authorities of differentiated administration, and correct and check the practice of "different prices out of different doors." We should continue our in-depth investigation of commodity prices, and promptly remedy and strictly deal with any practice of unauthorized price increases, disguised price increases, and increased charges that violate the price policies and disciplines. The types and limited amounts of commodities to be sold at negotiated prices and the prices of negotiated purchases and negotiated marketing should be carefully readjusted. Market controls should be strengthened, and good market should be preserved by strictly prohibiting the driving up of prices and illegal transactions. Smuggling, speculation, and profiteering should be combated, while bona fide country fairs should be protected.

Fifth, Give Full Play to the Role of Circulation, Improve Commercial Work, and Set the Market in Order

Commercial departments at all levels should strengthen their ideological and political work, carry out in-depth education on the current situation, and uphold the four basic principles. They should also actively promote industrial and agricultural production, set the market in good order, and strive to complete the various commercial tasks. They should foster a civilized business style and try in every way to increase the varieties of their products in order to better serve production and the people. Investigations and studies should be stepped up so as to provide reliable market forecasts. They should also honor their contractual obligations,

reduce the number of intermediate links, and improve their business management by organizing the circulation of commodities in the most expeditious and economical way. They should modestly listen to the people's opinions and willingly accept mass supervision. With support from various quarters, they should endeavor to make their commercial work a success, so as to contribute to the stabilization of the market and of prices.

Sixth, Make Maximum Efforts To Improve the Livelihood of the Urban and Rural Population

The peasants' income should be increased on the basis of developed production; more job opportunities should be created; and urban construction and work for small and medium-size towns should be strengthened. The purpose of urban construction should be to improve the people's housing, working, and studying conditions, communications, and recreation, in addition to other social amenities. In small and medium-size towns, handicraft, food, and service trades should be developed. Cultural activities should also be promoted so that these towns will become the economic and cultural centers of the local countryside. We must adopt various methods to arouse the enthusiasm of the people in various quarters to solve the problem of housing. Besides building and distributing, urban construction departments can also sell houses to units or private individuals. Enterprises and establishments can allocate part of their welfare funds as loans to the workers and staff members for the purpose of building houses, and banks can extend loans to units or individuals for the purpose of building or buying houses. The method of savings for housing can also be adopted. All of these methods will gradually replace the system of exclusive distribution of housing accommodations by the state. We should open up more avenues to provide jobs for young people. The best way to take care of the unemployed is through the collective economy--particularly in the handicraft, commercial, and service trades requiring high labor intensity and little investment but promising quick returns and meeting social needs. Individual economy should remain for a long time. This is an important way to solve the problem of employment.

We should be concerned with the production and livelihood of the masses and people of national minorities living in frontier, remote, and mountainous regions, the old revolutionary bases, and coastal areas projecting far out into the sea. Taking care of the poor and the sick and performing disaster rescue work and other forms of assistance must be well carried out for these people.

4. Further Realize Stability and Unity

People's basic interests lie in the continued consolidation and development of the present political situation of stability and unity. To ensure the smooth progress of economic readjustment, there should be more solid political stability. Since the smashing of the "gang of four," and particularly since the Third Plenum of the 11th Party Central Committee, our province, like the country as a whole, has witnessed enlivened political stability and unity. However, contradictions have accumulated in the society for many years, the influence of "leftist" ideas has not been eliminated, and bourgeois ideology is widely felt. Furthermore, along with the expansion of our economic activities with foreigners, capitalist ideology and the decadent lifestyle from abroad have made their inroads. Since our province was seriously ravaged by Lin Biao and the "gang of four," some elements of instability

have emerged under new historical conditions, and there are many problems with the social order. In Fuzhou and some other cities, criminal cases have increased, posing a direct threat to the security of people's lives and property. Speculation and profiteering are becoming widespread along the coastal areas and the railways while in the countryside, feudal superstition, gambling, destruction of forests, and intrusion into farmlands for the purpose of building houses are now prevalent; furthermore, fires, traffic accidents, and other cases of disturbance to public order are on the increase. All these things have endangered stability and unity and directly affected the work of national economic readjustment.

To preserve stability and unity as well as social order, we must develop socialist democracy and strengthen the people's democratic dictatorship and the socialist legal system. Propaganda and education should be extensively carried out in the cities and the countryside, and the social order should be consolidated. Public security organs should rely on the masses to carry on resolute struggles against various types of counterrevolutionary saboteurs, antiparty and antisocialist elements, and criminals. In dealing with murderers, robbers, rapists, and arsonists, with leaders of hooligans and those guilty of repeated crimes, of inciting to violence, and of stealing guns and ammunition, and with other active criminals, we must resolutely uphold the principle of meting out heavy and swift punishment according to the law in order to protect the security of people's lives and property. As for juvenile delinquents, we should carry out a policy of education, saving and remolding and continue to mobilize forces from various quarters to implement "comprehensive treatment" measures. We should greatly strengthen the work of internal security so that the units can combat all acts in violation of the law and all incidents which may jeopardize public order. In dealing with various illegal economic activities that disrupt the socialist unified market, we should apply economic or legal sanctions in accordance with the policies of the party and the state. In consolidating social security, we should particularly strengthen our basic work and give full play to the roles of neighborhood and resident committees, the residence registration police, the public security committee of the masses, and the arbitration committee; and we should mobilize forces from various quarters to combat or wipe out various evil elements that may disrupt stability and unity. This will help protect social stability, preserve normal production order and work order, and create a good social atmosphere. We should heartily commend good people and good deeds combating violations of the law. The public security and judicial organs should be further strengthened, and continued efforts should be made to select a certain number of competent cadres for the legal departments. We should lose no time in training judicial personnel and gradually form a strong contingent of public security and judicial workers.

Speculation, profiteering, and smuggling are now a serious problem that directly endangers the stability and unity of the province and disrupts our economic readjustment and stabilization. Since the second half of last year, speculation, profiteering, and smuggling have assumed serious dimensions in some places along the coast. Rather than being simply a question of an economic struggle, it has now acquired the characteristics of a political struggle. Because we did not realize its serious nature at the time, we failed to adopt forceful measures to combating it. As a result, these activities have become increasingly rampant along the coast. People have given up agriculture, fishery, or industry to engage in commercial ventures or speculation, profiteering, and smuggling; this has corroded some cadres and people

and created a grave danger. In the last 10 days of January 1981, the Provincial People's Government issued a "Notice Concerning the Fight Against Smuggling and Proscribing Black Market Dealings in Foreign Exchange," and with the support and coordination of various quarters, we launched our attack on smuggling. Some success has been achieved in combating speculation, profiteering, and smuggling in many places, and smuggling on the seas has abated somewhat. However, the problem fundamentally has not been solved. Leading comrades of the government at all levels should further size up the situation and unswervingly implement the "State Council's Directive Concerning Strengthening Market Control and Combating Speculation, Profiteering, and Smuggling." In particular, forceful measures should be adopted in various places along the coast to check these activities, to bring the culprits to justice, and to strictly proscrib black market dealings. In this connection, we must energetically carry out propaganda and education among party members and cadres and extensively mobilize the masses so that we can count on mass support, mass cooperation, and mass assistance in our battle against smuggling. This battle is an important issue of policy, and in dealing with any unit or individual engaged in these illegal activities we will impose fines or confiscate the goods. In serious cases, we will refer them to the judicial organs, to be dealt with according to the law. Offenders who are chieftains of speculation, profiteering, and smuggling rings should be severely punished, politically and economically. State cadres and people in active military service who participate in smuggling, or who take unfair advantage of their official position to grant personal favors and receive bribes, should also be dealt with severely. For the broad masses of cadres and people, we should mainly strengthen ideological and political education so as to enhance their understanding and help them distinguish right from wrong. They will then willingly resist the corrosion of bourgeois ideas. We should protect legitimate Taiwan trade and strictly distinguish our normal commercial activities with Taiwan fishermen and traders from smuggling.

Fujian is the province that is now implementing special policies, adopting flexible measures, and being opened up for foreigners, and the attack on speculation, profiteering, and smuggling and the resistance against the corrosion of bourgeois ideas are a long, sharp, complex class struggle as well as one of our important tasks. Government organs at all levels should be soberly aware of this situation, be mentally prepared to wage a long struggle, and provide more active leadership over this struggle. We must give full play to the roles of industrial, commercial, administrative, taxation, and other relevant departments so that they can closely coordinate their actions and march in step. At the same time, we should conduct widespread propaganda and encourage the masses to expose these illegal activities and to strengthen their supervision.

To achieve further political stability and unity, we must greatly strengthen ideological and political work. Our central task is to educate the broad masses of cadres and people concerning the need to uphold the four basic principles, to propagate socialist superiority and socialist and communist morality and ideals, to foster the patriotic spirit and socialist spiritual civilization, to launch the decorum and manners campaign with the "five stresses and four points of beauty" as its main contents, and to initiate a fine social tradition. In carrying out ideological and political education, we should go deep among the masses and adopt a policy of enlightenment and guidance in the light of realities. This will enable the broad masses of cadres and people to become ideologically united in implementing the party's line, principles, and policies.

We should further implement the policies on cadres, intellectuals, overseas Chinese, Taiwan compatriots, and the dependents of those who have left for Taiwan. Among the cadres, particularly in the leading bodies, the need to be concerned with the overall situation should be stressed. In the implementation of policies, we should be lenient rather than strict and overmeticulous, have a broad proletarian mind, and be willing to serve as promoters of stability and unity.

Fellow deputies, the tasks for various fronts in the province in 1981 are heavy. Government organs at all levels must first strengthen themselves to meet the new situation. At present, it is particularly necessary for us to carefully study the documents of the working conference of the Party Central Committee. This conference is a very important one in our party's history, because it marks a complete break of our party line from "leftist" errors. It also decided on a policy to carry out further readjustment economically and to achieve stability and unity politically. All this is the result of summing up experiences and correcting "leftist" guiding thought. Government personnel at all levels, and particularly the leading cadres, must realize the importance of the working conference of the Party Central Committee, eagerly and earnestly study the documents of this conference, and make a real effort to eliminate the "leftist" poison and influence, in the light of the realities of each unit and each individual, with the method of criticism and self-criticism. Such study will enable us to be ideologically uplifted and to change our work style. It will also enable us to comply with and respect the Party Central Committee's request for strengthened and centralized unity, and to keep in step with the Central Committee politically in carrying out an important readjustment.

The workstyle of the government organs should be improved in practice. Party member cadres in government organs, and particularly the leading cadres, must willingly abide by the "Guiding Principles for Inner-Party Political Life," and resolutely overcome bureaucracy and unhealthy tendencies. The administrative structure should be simplified and improved, and great efforts should be made to increase work and administrative efficiency. Government at all levels should conscientiously uphold the system of democratic centralism, and set up and perfect the system of responsibility. Under the leadership of party committees at various levels, they should take the initiative to do whatever is within their jurisdiction and work independently and responsibly. In handling important matters involving principles, they should report to and request instructions from the party committees in good time. However, they must not dump everything onto the party committee. Leading members of the provincial government and the responsible members of committees, staff offices, and bureaus under the provincial government should go deep into the realities to conduct study and investigations so as to understand the new situation, sum up new experiences, and solve new problems. Attention should be paid to people's letters and visits. They should modestly listen to opinions from various quarters on the government's work, be concerned with people's illness and suffering, and handle various legitimate demands from the masses with a keen sense of responsibility.

The rank of cadres for government organs should be strengthened. Those cadres who are resolute in defending the party's line, principles, and policies, who have a strong revolutionary fervor and a keen sense of responsibility, and who are competent in their work should be placed in leading positions in the government at various levels. We must be sure that the [average age of the] cadres becomes

younger, that they are better educated, and that they are more competent professionally. We must teach government personnel to observe discipline in an exemplary manner, uphold communist morality, and develop the spirit of selflessness, concern for the overall situation and for hard struggle, and the workstyle of criticism and self-criticism. Leading cadres in particular should match words with deeds, and set good personal examples. Government organs at all levels should be responsible to the people's congresses, accept the supervision of the deputies and the broad masses, and see to it that ours is a clean government that faithfully serves the people.

We should carry forward the fine traditions of "army loving the people, people supporting the army, and both army and people being united as one," launch the "support the army and give preferential treatment to army dependents" and "support the government and cherish the people" campaigns, and bring about a closer relationship between the army and the government and between the army and the people. The people's government at all levels should be concerned with building up the army, step up education on national defense and combat readiness among the cadres and people, and strive to do our job of supporting the army and the front line effectively. All government departments concerned should continue to strengthen their cooperation with the people's armed force departments, endeavor to make our militia work a success, and give full play to the role of the militia in economic readjustment and in the preservation of stability and unity. Conscription should also be carried out well, and joint army-people-militia defense should be further strengthened. We should carry out various combat-ready measures in order to make new contributions to coastal defense and the four modernizations.

Fujian is close to Taiwan. People in the province did a great deal of work last year in promoting our contacts with people on Taiwan. We should continue these efforts in order to make even greater contributions to the early return of Taiwan to the motherland and to the great cause of the motherland's unification.

Fellow deputies, under the guidance of the Party Central Committee's correct policies and the leadership of the Provincial Party Committee, let us further emancipate our minds, renew our vigor, strengthen our confidence, unite as one, struggle hard, and march with gigantic strides to win new victories for 1981!

9411
CSO: 4006/345

FINANCE AND BANKING

PURCHASES OF TREASURY BONDS ABOVE QUOTA

OW131534 Beijing XINHUA in English 1524 GMT 13 Jul 81

[Text] Beijing, 13 Jul (XINHUA)--The central and local governments, departments and enterprises in China had purchased 4,665 million yuan in treasury bonds by the end of June, 16.6 percent above the State Council's target, according to the People's Bank of China.

The State Council plans to issue 4,000 to 5,000 million yuan in treasury bonds this year as a measure to recover currency, stabilize prices and achieve financial balance. Four thousand million yuan was set as the target required to be fulfilled.

China's provinces, autonomous regions and municipalities purchased 3,500 million yuan in treasury bonds, eight percent above the state quota. Among them, Shanghai, Beijing, Henan and Tibet passed their quotas by 20 percent or more, the bank disclosed.

The state enterprises bought treasury bonds worth 920 million yuan, 38.4 percent above the state target.

The central party and government offices and institutes purchased 46 million yuan in bonds, exceeding the state target by 53 percent. A number of offices and institutes, including the offices under the party Central Committee and the central People's Government, the academy of sciences and the academy of social sciences, topped their targets by more than 200 percent.

The Chinese People's Liberation Army, which has not been assigned a fixed purchase target, bought treasury bonds valued at 150 million yuan, according to the bank.

Some treasury bonds were bought by well-off communes, production brigades and peasants not assigned purchase targets.

CSO: 4020/223

FINANCE AND BANKING

BANK OF CHINA EXPANDS GOLD LENDING OPERATIONS

Beijing ZHONGGUO CAIMAO BAO in Chinese 19 May 81 p 4

[Article by Li Yanyan [2621 5333 3601]: "Bank of China Expands Gold Lending Operations"]

[Text] Not long ago, the Bank of China and the A Lun [7093 0243] Gold Co. of the U.S. signed a gold lending agreement. Under the agreement, the Bank of China may rent gold to the A Lun Co. through gold merchants in London, Zurich, New York, or Canada, and the A Lun Co. will, in addition to paying rent to the Bank of China, transfer to the Bank an amount of U.S. dollars as mortgage deposits equivalent to the amount of gold delivered by the Bank which will then pay interest at agreed upon rates. When the gold lending agreement expires, the A Lun Co. will return the rented gold to the Bank of China which will pay back the gold mortgage deposits to the A Lun Co. Further, it is stipulated in the agreement that if, owing to changes in gold prices, the difference between the gold mortgage deposits and the gold prices reaches one million U.S. dollars, both sides will make up the difference.

After the agreement was signed, the Bank of China and the A Lun Co. concluded two half-year transactions, one ton of gold each. The gold rent is 0.4375 percent per annum, totalling US\$69,600. The equivalent amounts of gold mortgage deposits made by the A Lun Co. for account in the Bank of China are respectively US\$15,760,000 (US\$492.50 per ounce of gold) and US\$16,000,000 (US\$500 per ounce), and the interest rates on deposits are respectively 18.0625 percent and 18.125 percent.

It is understood that the gold lending operations are new ones in the international gold market. Although gold maintains value, yet it does not bear interest. With equivalent deposits placed with our bank by the companies that borrow gold from us, security is ensured as far as we are concerned. Before expanding these operations, we should thoroughly investigate the qualifications and trustworthiness of the gold companies that want to borrow gold from us, and we must ensure that they are reliable. The Bank of China will gradually expand this business with other reliable gold merchants in the international market.

9780

CSO: 4006/355

FINANCE AND BANKING

FOREIGN BANK LOAN PROCEDURES OUTLINED

Beijing ZHONGGUO BAI MAO BAO in Chinese 19 May 81 p 4

[Article by Ding Chaozong [0002 2600 1350]: "How to Get Loans From Foreign Banks"]

[Text] As a state-designated bank specialized in foreign exchange, the Bank of China has over the past 2 years further strengthened its links with the commercial banks of various countries and expanded international deposit and loan operations in accordance with the directive of the central authorities. At the end of 1980, the deposits drawn and the loans accepted from foreign banks were respectively 260 percent and 150 percent of those at the end of 1978.

Loans from foreign banks are divided into short-term credit loans, intermediate-term credit loans, and long-term credit loans. In general, short-term credit loans have a term of one year or less, and the shortest credit loans may be in the form of overnight funds. This kind of fund accommodation assumes massive proportions among the international banks. Loans are arranged through cables or telecasts and are affirmed afterwards: they depend entirely on the trustworthiness of the banks concerned. After both sides reach an agreement, the bank providing the loans will transfer funds to the bank appointed by the borrowing bank. When the agreement expires the borrowing bank will repay the principal and pay interest at rates according to the terms agreed upon. Intermediate-term loans generally refer to loans having a term of 1 year and up to 5 years. As the term of loans is comparatively long, disputes that may arise and methods of settlement should be clearly stated in the agreement. The term of long-term loans is generally 5 years and 15 years at the longest. These loans are mostly in the form of bank group loans. One bank will take the lead and negotiate the terms of the loans with the borrowing bank. Then a number of banks will be organized to join the bank group to provide the borrowing bank with the loans.

Our experience tells us that we should emphasize soft currency when borrowing money from foreign banks. The reason is that by so doing we shall have the benefit of currency devaluation. But in terms of soft currency the interest rates are higher. If we borrow hard currency we will have to run the risk of currency appreciation. But in terms of hard currency the interest rates are lower. Whatever currency we borrow, we should form a correct judgment on the development trend of the currency and the interest rates so that we shall not lose. Judging by the present conditions, U.S. dollars, British pounds, and Japanese yen are hard

currencies while West German marks and Swiss francs are soft currencies. Fundamentally speaking, bank credit loans are usurious loans and can only be used to meet temporary needs, and they should be repaid immediately. It is inadvisable to use them to meet the needs of long-term construction projects.

Over the years many foreign banks have indicated they are prepared to support China in its four modernizations program and provide us with credit loans, and we have borrowed some funds according to state plans. In this connection, what merits our attention is that some fund brokers and middlemen offer large amounts, long terms and low interest rates as bait in their attempt to reap unfair gains. This being so, we must thoroughly investigate the financial standing and trustworthiness of the loan providers lest we are taken in.

9780

CSO: 4006/355

FINANCE AND BANKING

PROS, CONS OF VARIOUS METHODS OF GETTING CAPITAL FROM JAPAN

Beijing ZHONGGUO CAIMAO BAO in Chinese 19 May 81 p 4

[Article by Meng Qingfu [1322 1987 6346]: "Pros and Cons of Various Methods of Getting Capital from Japan"]

[Text] Japan's financial market is increasingly expanding along with increase of its economic strength and elevation of its international position. In recent years, many developing nations have one after another raised funds in Japan for developing their economies. It is understood that foreign nations have raised funds in Japan mainly through four channels: Japan Overseas Coordination Fund and Japan Export and Import Bank (the two are Japan's official financial organizations); Japanese private banks, and Japanese yen bonds floated in Japanese capital market.

Loans from the Coordination Fund are aid loans with low interest rates, long time limits, and favorable terms. Interest rates are generally 3.5 percent and may even be lower under special circumstances; the time limit is generally not more than 20 years and sometimes may be longer. While the terms are favorable in the case of loans from the Coordination Fund, they are related to specific items and the loans must be used exclusively for the purposes for which they are intended.

The interest rates on loans from Japan Export and Import Bank are between loans from the Coordination Fund and those from private banks, being higher than loans from the Coordination Fund and lower than those from private banks, and generally between 6 percent and 9 percent. Loans from Japan Export and Import Bank in general have a term ranging from 6 months to 5 years. Such loans have terms attached: they must be used for purchasing complete sets of equipment or other commodities from Japan or for opening up certain energy resources. Thus, use of these loans lacks flexibility.

The interest rates on loans from Japanese private banks are generally based on long-term loan rates plus 0.2 percent charges. In terms of current conditions, the interest rate on a 15-year loan of 15 billion yen is about 8.95 percent.

The advantages of getting loans from private banks are that the procedures are simple compared with the floating of bonds, that there is no need to provide the Japanese Government with detailed economic data and information, and that it is easy to control the interest rates and calculate the cost. But, the interest

burden is heavier in the case of loans from private banks, the rate being somewhat higher than the cost of floating bonds. Creditors are over-concentrated, making it likely that they will meddle in the affairs of the debtors. Sometimes the use of funds is conditional on some terms.

The advantages of floating bonds are that sometimes the interest rates are slightly lower than those on loans from private banks, that the charges will gradually decrease and the cost will gradually decline, that the sources of funds are wide, making it easy to spread the effects and expand business on the international market. That creditors are scattered is favorable, making it not so easy for them to throw their weight around. With the grace period extended generally to 5 years, the actual time limit of fund use is longer than that of loans.

The deficiencies in floating bonds are: The procedures are complex, taking at least 3 months from the start of negotiations to borrowing of money. The bond market is under direct control by the Japanese Government which requires detailed political and economic conditions and data. After floating of the bonds, it is required to send in the first half each year to the Japanese department of finance a "report on negotiable securities," illustrating the changes that have taken place in the new year. Repayment of principal, payment of interest and management of bonds are technical in character, requiring the services of specialists.

The different channels of raising funds in Japan each have their advantages and disadvantages. Whatever method is used, the decisive question is how to make the funds produce the maximum beneficial effects within the shortest period of time.

9780

CSO: 4006/355

FINANCE AND BANKING

BRIEFS

ZHEJIANG OVERSEAS CHINESE REMITTANCES--The total amount of remittances received by Zhejiang Province from Overseas Chinese in the first half of 1981 was U.S.\$11.9 million, or 4.5 percent more than in the same period of 1980 and fulfilling 53.8 percent of the yearly plan. Commodity purchases made with such remittances from January to May 1981 reached 8.26 million yuan, or 70.7 percent more than in the same period of 1980. [Hangzhou Zhejiang Provincial Service in Mandarin 1040 GMT 8 Jul 81 OW]

CSO: 4006/403

INDUSTRY

LIGHT INDUSTRY MEETING ENDS IN SHANGHAI

OW111414 Shanghai City Service in Mandarin 1130 GMT 11 Jul 81

[Text] The national meeting to exchange experience in learning from Shanghai, the coastal areas and the advanced in light industry and in quality management ended in Shanghai on the afternoon of 11 July after 9 days in session. (Xu Yunbei), vice minister of light industry, and Chen Jinhua, deputy secretary of the Shanghai Municipal CCP Committee and vice mayor of Shanghai, spoke at the meeting.

The meeting was held in Shanghai by the Ministry of Light Industry in order to implement Premier Zhao Ziyang's instruction on transplanting Shanghai's advanced experience to the interior and the guidelines of the national conference on industry and transport.

During the meeting, the municipal light industry bureau and handicraft bureau made reports on their experience. Nine enterprises, including the Shanghai bicycle company, the Shanghai No 1 sewing machine plant, the Shanghai No 3 wristwatch plant and the Huasheng electric fan general plant, reported on their exemplary experiences. Delegates from light industrial departments in all parts of the country made on-the-spot observations at eight plants in Shanghai city. Delegates from 18 units in Tianjin, Shandong, Wuxi, Wuhan, Zhejiang and other provinces and municipalities exchanged experience at the meeting.

At the closing ceremony, Vice Minister (Xu Yunbei) made a concluding report. Comrade Chen Jinhua gave a speech. He said: "Shanghai's achievements are inseparable from the energetic assistance of the fraternal provinces and municipalities. Shanghai still must rely on the support of the whole country, if it is to keep advancing."

CSO: 4006/404

INDUSTRY

LIGHT INDUSTRY MINISTRY HOLDS DEVELOPMENT FORUM

OW121149 Beijing Domestic Service in Mandarin 1200 GMT 10 Jul 81

[Text] According to our station reporter (Pan Qihua), the Ministry of Light Industry recently invited 180 experts and scholars specializing in various fields of light industry to a Beijing forum to discuss plans for the nationwide development of light industry. The forum ended on the afternoon of 9 July.

In the past such plans were worked out by a small number of people who would make proposals on the rate and quotas for development. Then they would be decided by the leaders concerned, who had the final say on the plans. The plans were often decided without a sufficient scientific base.

At the current forum the preliminary long-term plans were first handed to the experts and scholars by the Ministry of Light Industry. Then, separate group discussions were held on 17 different trades including papermaking, sugar-refining and the manufacture of watches, clocks, sewing machines and bicycles.

In keeping with the democratic practice in academic work, all the experts and scholars aired their views and made approximately 100 important suggestions. These suggestions expressed their practical views on the orientation of developing light industry, relevant policies on technology, renewal of equipment and selection of technology by various trades.

The experts held that in working out the plans for the nationwide development of light industry, the plans should not be presently limited to the development of some 10 major products. The plans should aim at developing the national economy to meet the demand of the people's livelihood, making unified planning an overall arrangement and at gradually changing the situation in which "all plants vie with each other in producing a few major products, while no plants care to produce minor commodities." Plans should not be worked out merely for seeking improvement in product quality or an increase in production speed. They should be worked out primarily to meet the demand of the society.

The experts held that in developing light industry it is necessary to attach importance to popularizing and utilizing the results achieved in science and technology. If the available results of scientific research should be extensively popularized and applied to actual production, the technical level of various trades will be raised to some extent and more material wealth will be created.

CSO: 4006/404

INDUSTRY

BRIEFS

NATIONAL MACHINE BUILDING MEETING—On 15 July the First Ministry of Machine Building held an on-the-spot meeting at Shanghai's (Yuejin) electrical machinery plant to exchange experience in exporting mechanical and electrical equipment. More than 300 people, including directors of machine-building departments and bureaus of 28 provinces and municipalities as well as plant directors and chief engineers attended the meeting. The small electrical motors manufactured by the (Yuejin) electrical machinery plant have managed to get into the West European markets in large quantities for the first time. In this connection, a leading comrade of the party Central Committee and the State Council issued an important instruction, praising the plant for opening up new avenues and doing a big favor for China's machine-building industry. [Shanghai City Service in Mandarin 1130 GMT 15 Jul 81 OW]

CSO: 4006/404

DOMESTIC TRADE

BRIEFS

ANHUI CONSUMER GOODS--Anhui has successfully increased the production of consumer goods. During the first half of 1981 the value of Anhui's light industrial output reached 3.27 billion yuan, an increase of 6.58 percent over that in the same period of 1980. The output of wrist watches, bicycles, television sets and washing machines increased 100 to 580 percent over that in the same period of 1980. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 8 Jul 81 OW]

CSO: 4006/403

FOREIGN TRADE

IMPORTANT ROLE FOR FOREIGN TRADE IN ECONOMIC READJUSTMENT

Beijing GUOJI MAOYI WENTI [INTERNATIONAL TRADE JOURNAL] in Chinese No 2, 1981
pp 20, 10

[Article: "Carrying Out Socialism's Basic Economic Laws in the Realm of Foreign Trade Is Central to Economic Readjustment at This Time"]

[Excerpt] China is presently engaged in further implementing a policy centered around readjustment of the economy. This policy is an important decision made on the basis of summarizing the economic lessons of economic construction since the founding of the People's Republic. The readjustment of the economy is essentially the correction of "leftist" errors and the solution of the serious imbalances in the national economy caused by many years of ideological guidance by the "left," so that our economy will get on the road to an overall balance and healthy development. Only in this way will we be able to achieve the optimal proportional and harmonious development of the national economy and realize socialism's basic economic laws. Therefore, carrying out socialism's basic economic laws with respect to foreign trade is a fundamental way for foreign trade to serve economic readjustment at this time.

If foreign trade is to serve economic readjustment, we must first wipe out "leftist" influences, correct the guiding ideology, and meet the needs of the readjustment as conscientiously as possible. The serious imbalances in China's economy are primarily manifested in such things as the overextended capital construction front and bloated processing industries, while agriculture, light industry, the fuels and power industries, and the communications and transportation industries are still very weak. To deal with this situation, the economic readjustment must have retreats as well as advances. There must be a retreat in capital construction, and the retreat must be far enough. Inappropriate processing industries must be "closed, suspended, merged or retooled," while agriculture, light industry, the fuels and power industries, and the communications and transportation industries must have their progress accelerated and their development greatly enhanced. To serve the readjustment of the economy, foreign trade must undergo a transformation of the actual shape it takes with respect to foreign countries, so it can play an active role in changing these proportional imbalances.

With regard to imports, in meeting the need to shorten the capital construction front, there must be a sharp reduction in materials and equipment imported for capital construction; and to develop those sectors in which there are shortages, there must be increased imports of the relevant materials needed by

agriculture, light industry, energy, and communications and transportation. At the same time, in order to improve the lives of the people, imports of materials needed to satisfy market demands must also be appropriately increased.

With regard to exports, in order to develop the production capabilities of domestic processing industries and improve the level of production technology, we must energetically expand the proportion of exported electrical and mechanical equipment and finished products. The export of other products, such as agricultural and sideline products, native produce and animal by-products, light industrial and textile goods, foodstuffs, handicrafts, chemical industry products, as well as some mineral products should, as production develops, be actively expanded. Furthermore, because the domestic energy situation is tight and more energy is needed, there should be an appropriate reduction in petroleum exports. Some consumer goods are seen to meet the need to improve the people's lives, and are particularly appropriate for satisfying the needs of the broad rural areas, so their imports cannot be increased.

When the proportional imbalances in the national economy appear in the form of macroeconomic values, they are primarily manifested as large financial deficits, credit imbalances and foreign exchange deficits. For economic readjustment we must increase income and reduce expenditures, and expand exports while limiting imports, thereby achieving a balance in our financial, credit and foreign exchange income and outlays. Foreign trade can, in dealing with foreign countries, also play a positive role in correcting imbalances in the domestic form of value by achieving relatively great returns of goods for relatively small later expenditures.

The profit and loss picture in foreign trade has a direct bearing on the financial income and expenditures of the state. Substantial surpluses in foreign trade and turning over profits in excess of the plan means that the financial income of the state is increased. Conversely, if foreign trade is unable to provide the state with profits as budgeted, or if losses exceed the budgeted targets for losses, it is a major deficit-producing factor. China's serious foreign trade deficits in recent years are a tremendous problem. An analysis of the causes is intricate and complex, but the primary one is that there has been a foreign price increase in some staple imports while for many years the allocation price for domestic users has remained constant, or has had only slight increases. This, coupled with internal changes in foreign exchange settlement prices, has created enormous deficits. This falls into the category of policy related deficits. In addition, high profits and high taxes on export commodity industries has meant that many commodities have had heavy foreign trade deficits. The system of unified control of income and expenditures by the Ministry of Foreign Trade, with everyone taking from a common pot, has meant that users have not been taking into account the costs of imported goods, while suppliers have not been taking into consideration the profits or losses of export goods. Of the aforementioned causes, foreign trade deficits are primarily policy-type deficits, and if we do away with those, foreign trade will show substantial profits. In carrying out socialism's basic economic laws with respect to foreign trade at present, we must first get foreign trade deficits under control. This will help in balancing our finances and stabilizing prices, and will thereby be of benefit in developing production and satisfying the needs of the people. We must make vigorous efforts to perfect our administration and management, and improve economic results. In particular, we have to get import/export commodity prices under control and avoid a situation in which everyone goes his own way and engages

in competition, bidding higher when competing for purchases or cutting prices when competing for sales. We must also strengthen our leadership, coordinate our efforts, and unify foreign trade so that, on the basis of surveys and studies, we can learn to price things appropriately and reduce those foreign exchange deficits which are the result of improper pricing. The foreign capital used to import technology must ultimately be repaid with foreign exchange earned through exports, and for that reason has a bearing on our income-expenditure and foreign currency balances. When we bring in foreign capital we must repay the principal and the interest, as well as make corresponding domestic investments. If our foreign borrowings exceed our actual ability to repay, or if the domestic investment used in attracting foreign capital goes beyond what we can actually afford, it will inevitably result in financial imbalances or foreign currency imbalances. Therefore, when foreign trade is serving the readjustment of the economy, with respect to the question of the use of foreign capital, we should consider fully the economic results and our repayment capabilities, as well as financial and foreign currency balances, so we can adopt positive yet prudent policies. We must never allow the importation of foreign capital to further exacerbate the economic imbalances, or to have the gains not equal to the losses in the financial and foreign exchange areas, resulting in a burden on the country. At present, foreign capital should be used in those areas in which there are shortages, primarily the development of energy resources, communications and transportation, and the crucial technological transformation of sectors producing goods in short supply, as well as in projects which can help expand exports. In addition, we must further accelerate capital turnover, carry out inventories of our warehouses, reduce export costs and expenditures, carry out scrupulous accounting in every phase of our operations, and practice strict frugality.

To implement socialism's basic economic laws in the realm of foreign trade during the readjustment means, in the final analysis, that we require foreign trade to adapt to and promote the economic readjustment with optimal economic results. This is China's present orientation in foreign trade, and it is also foreign trade's arduous but glorious mission.

FOREIGN TRADE

BRIEFS

FUJIAN PRODUCTION TRADE--According to a communique issued by the Fujian provincial statistics bureau on 30 June, the total value of Fujian's industrial and agricultural output in 1980 reached 11.68 billion yuan, an increase of 10.49 percent as compared with that in the previous year. The total value of exports was 360 million U.S. dollars, overfulfilling the state export plan by 19.21 percent and increasing by 47.52 percent as compared with that of the previous year. The total value of imports was more than 400 million U.S. dollars, an increase of 106 percent compared with the previous year. [Fuzhou Fujian Provincial Service in Mandarin 1120 GMT 5 Jul 81 OW]

JIANGXI FOREIGN TRADE--Jiangxi Province has further promoted foreign trade since convening of the third plenary session of the party Central Committee. From 1977 to 1980 products worth a total of 1.58 billion yuan were procured for export with an annual growth of 21.7 percent. During this period, the province earned 280 million dollars in foreign exchange. Presently, Jiangxi maintains trade relations with 83 countries and regions. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 10 Jul 81 OW]

CSO: 4006/403

TRANSPORTATION

PRC SEAPORTS, RAILWAYS HANDLE MORE FREIGHT

OW031411 Beijing XINHUA in English 1217 GMT 3 Jul 81

[Text] Beijing, 3 Jul (XINHUA)—Chinese seaports handled 106.7 million tons of freight in the first half of this year, the Ministry of Communications said today.

The ministry said this was 52.3 percent of the expected freight volume for 1981 and 1.2 percent more than in the first half of last year. As of June 30, 224 ships were waiting to load or offload at Chinese seaports, down from the 344 in March.

Cargoes carried on coastal waters and inland waterways in the same period reached more than 66 million tons, just over half the expected total for the year.

The Chinese railways are also well up on passenger and freight figures.

A railways spokesman said freight handled up to the end of June was over 509 million tons, or 52 percent of the anticipated total for 1981. Passenger volume was up to 474 million. The spokesman said this was 54.5 percent of the expected 1981 figure and 33 million passengers more than in the first half of 1980.

CSO: 4020/224

TRANSPORTATION

BRIEFS

JIANGSU DRY DOCK--Nanjing, 6 Jul (XINHUA)--A new dry dock for foreign ships has been completed at Lianyung harbor, one of China's major ports on the Yellow Sea, according to the harbor's construction department. The dock, which will leave unaffected normal loading and unloading operations, has a dozen workshops for engineering, hull work, metalwork, carpentry and heat treatment. It is part of Lianyung's expansion project, which has been underway since 1973. The project includes the construction of several new 10,000-ton berths, the dredging of navigation channels, rebuilding of railways and highways on the docks and construction of new storage yards. Lianyung is an ice-free harbor open to merchant ships of nearly 50 countries. [Text] [Beijing XINHUA in English 1201 GMT 6 Jul 81 OW]

BEIJING NORTHWEST RAILWAY CIRCUIT--Beijing, 10 Jun (XINHUA)--A 35-kilometer northwestern circuit line of the Beijing railway, one of China's major railway hubs, has begun operation, the Beijing railway administration reports today. The line has an annual carrying capacity of 17 million tons. The Beijing railway hub already has circuit lines in the northeast and southeast. Previously, rail cars carrying coal from the major coal-producing center of Datong in Shanxi Province through the Beijing-Baotou railway were reclassified at the West Fengtai railway station in Beijing's west suburbs before going on to northeast China. With the completion of the new circuit line, these coal-laden cars can go straight to northeast China. Other cars can also directly enter the Beijing-Guangzhou and Beijing-Shanghai lines through the new circuit line. The Beijing railway hub handles 23,000 freight wagons each day as eight trunk railway lines meet here. They include the Beijing-Guangzhou, Beijing-Shanghai, Beijing-Shanhaiguan, Beijing-Baotou and Beijing-Taiyuan lines. [Text] [Beijing XINHUA in English 1212 GMT 10 Jun 81 OW]

CSO: 4020/224

END

**END OF
FICHE**

DATE FILMED

4 AUG 1981